

SENATE RECORD VOTE ANALYSIS

106th Congress
1st Session

Vote No. 254

August 4, 1999, 12:41 p.m.
Page S-10163 Temp. Record

AGRICULTURE APPROPRIATIONS/Sugar Program, no funding for

SUBJECT: Agriculture, Rural Development, and Related Agencies Appropriations Bill for fiscal year 2000 . . . S. 1233. Cochran motion to table the McCain modified amendment No. 1510 to the Lott (for Daschle) amendment No. 1499, as amended.

ACTION: MOTION TO TABLE AGREED TO, 66-33

SYNOPSIS: As reported, S. 1233, the Agriculture, Rural Development, and Related Agencies Appropriations Bill for fiscal year 2000, will provide \$60.710 billion in new budget authority (of which \$13.98 billion will be discretionary budget authority, which is the amount provided in fiscal year 1999) for fiscal year 2000. Loan authorizations will total \$9.650 billion.

The Lott (for Daschle) amendment, as amended, would provide \$10.8 billion in emergency agricultural assistance and would make various statutory changes to agriculture programs. See vote No. 249 for details and debate. As amended, it would require congressional approval to impose unilateral agricultural or medical sanctions (see vote No. 251).

The McCain modified amendment would add that none of the funds appropriated or otherwise made available by this Act could be used to pay the costs of administering the Sugar Program. (When the yearly sugar import quota is below 1.5 million short tons, then sugar processors may get Federal non-recourse loans at market rates. Non-recourse loans must be repaid in cash. Otherwise, they may get Federal recourse loans at market rates. Recourse loans may be repaid by forfeiting the sugar used as collateral for the loans. Processors who forfeit on loans are penalized. Support prices for raw cane and refined beet sugar are frozen at their 1995 levels. It costs about \$45,000 per year to administer the sugar program; the program has no other cost for the Government.)

Debate was limited by unanimous consent. After debate, Senator Cochran moved to table the McCain amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

Those favoring the motion to table contended:

The sugar program operates at no cost to the taxpayers, it benefits consumers, and it protects the 420,000 Americans who have

(See other side)

| YEAS (66) | | | | NAYS (33) | | NOT VOTING (1) | |
|---------------------------|---------------|--------------------------|-------------|----------------------------|--------------------------|--------------------|------------------|
| Republican (34 or 63%) | | Democrats (32 or 71%) | | Republicans (20 or 37%) | Democrats (13 or 29%) | Republicans (1) | Democrats (0) |
| Abraham | Hagel | Akaka | Hollings | Brownback | Biden | Mack- ² | |
| Allard | Hatch | Baucus | Inouye | Chafee | Byrd | | |
| Ashcroft | Helms | Bayh | Johnson | Collins | Feingold | | |
| Bennett | Hutchison | Bingaman | Kerrey | DeWine | Feinstein | | |
| Bond | Inhofe | Boxer | Landrieu | Fitzgerald | Kennedy | | |
| Bunning | Jeffords | Breaux | Leahy | Frist | Kerry | | |
| Burns | Lott | Bryan | Levin | Gorton | Kohl | | |
| Campbell | McConnell | Cleland | Lieberman | Gregg | Lautenberg | | |
| Cochran | Murkowski | Conrad | Lincoln | Hutchinson | Mikulski | | |
| Coverdell | Roberts | Daschle | Murray | Kyl | Moynihan | | |
| Craig | Sessions | Dodd | Reid | Lugar | Reed | | |
| Crapo | Shelby | Dorgan | Robb | McCain | Sarbanes | | |
| Domenici | Smith, Gordon | Durbin | Rockefeller | Nickles | Schumer | | |
| Enzi | Stevens | Edwards | Torricelli | Roth | | | |
| Gramm | Thomas | Graham | Wellstone | Santorum | | | |
| Grams | Thurmond | Harkin | Wyden | Smith, Bob (I) | | | |
| Grassley | Warner | | | Snowe | | | |
| | | | | Specter | | | |
| | | | | Thompson | | | |
| | | | | Voinovich | | | |

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

jobs that are tied to the sugar industry from unfair trade practices. The average price for sugar in developed countries is 60 cents per pound. The price in the United States is only 40 cents per pound, which is 32 percent below the world price. We did not always have that situation. In the 1970s we got rid of our sugar program. The result was wild price fluctuations. Any time a country had excess production it dumped that sugar on the United States' market. Our domestic refining industry was nearly destroyed. When domestic production and processing capabilities dropped foreign producers raised their prices, and Americans ended up paying nearly twice as much for sugar. The cost reached as high as 70 cents before Congress acted by restoring the sugar program. If it had not intervened the price volatility caused by world marketing practices for sugar would have totally destroyed the domestic sugar industry. Once destroyed, it would have been very difficult to rebuild because of the huge start-up costs in building refineries. Most countries heavily subsidize their sugar industries and restrict imports. When sugar is exported, it is generally sold by contract at prices well above the average production price of 18 cents per pound. Our colleagues have falsely suggested that the world price of sugar not being sold by contract (currently 9 cents) is the cost that Americans would pay if there were no sugar program. The reality is that is just the dumping price of countries that are getting rid of surplus production in a world market that is tightly controlled. Very little sugar is sold at that price, and when it is the producer that is selling it is taking a huge loss. Do our colleagues really think that other countries would go into massive overproduction so they could generate huge losses selling sugar to America at half of the cost of producing it? For consumers, we note that having a sugar program benefits them, and not having one hurts them, but either way the effect is small. The reason is that sugar, as a consumer product, is incredibly cheap. It is so cheap that it is given away for free by restaurants. It is so cheap that fluctuations in its price have almost no effect on the products in which it is used, such as cereal or candy bars. For instance, we have seen sugar prices drop by 6 percent at the same time as prices for cereal went up 20 percent and prices for cookies and cake went up 25 percent. Sugar makes up only a tiny fraction of the costs of the products in which it is used, so changes in its price have only tiny effects on the prices of the products in which it is used, and those effects are usually obscured by other market conditions that cause much larger changes in those product's prices. For taxpayers, the benefit is that this program does not cost them anything. Basically, it is a program that protects the domestic market from unfair trade practices. If it did not exist, sugar prices would rise so big corporate users of sugar would end up using more corn sweetener as a substitute. The Department of Agriculture estimates that such increased use of corn sweetener would cost taxpayers up to \$700 million more per year in deficiency payments to corn farmers.

Our colleagues cannot dispute these facts so they have ignored them. They have instead chosen to make ad hominem attacks, suggesting that support for the sugar program is based on campaign contributions from the sugar industry and suggesting that anyone who supports the sugar program is in favor of draining the Everglades for cane sugar plantations. These suggestions are offensive. We are representing farmers in our States, the taxpayers, and consumers. Our colleagues believe they are doing likewise, and we do not suggest that they are simply doing the bidding of processors who want to import more raw cane or of large industrial users who believe they can drive down the price of sugar with more imports. As for the Everglades, it is true that environmental damage has occurred, but it is also true that efforts are being made to fix that damage, that the sugar industry is involved in those efforts, and that the sugar industry has consistently done more than required to fix that damage. We think our colleagues were grasping at straws to bring up these last two offensive arguments. Looking at the facts, it is clear that the McCain amendment would be harmful for the American sugar industry, taxpayers, and consumers. We strongly urge its rejection.

Those opposing the motion to table contended:

This amendment would end, for just one year, the Federal sugar program. That program is one of the most outrageous corporate welfare programs in existence. It does not give aid to farmers. Instead, almost all of its benefits go to a few extremely wealthy sugar processors. It gives those processors federally subsidized loans for sugar based on estimates of the price at which they will be able to sell the sugar they process. To try to make sure they get that price, the Government imposes quotas on imports. If the quotas fail to force the price high enough for the producers to repay their loans, those producers need not worry--the Federal Government will then take the sugar they put up as collateral as payment in full. The General Accounting Office has found that this scheme to inflate sugar prices to benefit a few rich sugar processors ends up costing American consumers \$1.4 billion per year. If we did not have this scheme in place, Americans could get access to sugar at the world market price of 9 cents per pound. Additionally, we note that domestic use of sugar has been declining as large industrial users have been switching to corn sweetener. Domestic production of sugar has not declined, though. What has happened is that imports have been cut sharply and that share of the market has been taken over by domestic producers. The problem for refiners is that they now have much less sugar cane to process. Since the 1980s, when the sugar program was put back into force, 9 out of 21 cane sugar refineries in America have had to close. If we are going to protect the rest from closing we are going to have to allow the importation of more cheap foreign cane. We doubt we will prevail on this vote. Sugar processors have a lot of political influence. We note, for instance, that the Fanjul brothers, who have carved out one-half million acres of the Everglades for sugar cane production (thereby causing great environmental damage), are very generous in their political contributions. In the last presidential election, one of the brothers was the chairman of the Dole campaign in Florida, and the other brother co-chaired the Clinton campaign in that State. With those types of connections, we can understand how a business can get away with causing extreme environmental damage, and we can understand how a vote can be lost in the Senate. Though we probably will not prevail on this vote, we will continue with our efforts to end this corporate welfare program.